

Climate Action Plan 2023 - Call for Expert Evidence¹

Department of the Environment, Climate and Communications

19 September 2022

FREE NOW welcomes the opportunity to respond to the Department of the Environment, Climate and Communications call for expert evidence to support and inform the preparation of the next Climate Action Plan.

By way of background, FREE NOW is part of the FREE NOW Group, the multi-service mobility joint venture from Daimler and BMW. We are a proudly European company, operating under a number of different consumer brands in both Europe and Latin America. FREE NOW Group offers its range of services from taxis to eScooters and eBikes to over 56 million users in 16 markets and more than 170 cities. This makes the FREE NOW Group the biggest multi-service provider in Europe and the fastest-growing ride-hailer in Latin America.

FREE NOW is Ireland's leading multi mobility app and has been active in the market for ten years. We employ 39 people in Ireland, primarily based out of our Dublin office on Baggot Court. Next to ride hailing, FREE NOW Ireland will also offer mobility services such as eScooters and eBikes in line with the Road Traffic & Roads Bill 2021.

We were pleased to see the progress made since the publication of the last Climate Action Plan, including the publication of Ireland's first national EV Charging Infrastructure Strategy and the National Sustainable Mobility Policy. In particular, the eSPSV Grant Scheme and the launch of the office of Zero Emissions Vehicles Ireland (ZEVI) have created positive tailwinds for EV transition that must be taken advantage of over the coming years in order to maintain and accelerate momentum.

It is vital that the Government continues to recognise the urgency of putting in place the appropriate infrastructure and supports required to decarbonise the transport sector and ensure an effective shift to sustainable transport modes. FREE NOW agrees that "it is vital to consider how we can provide a sustainable transport system that can meet that anticipated [population] demand". To meet transport demands, the Government and the National Transport Authority must work together to ensure a viable, sustainable taxi industry and address the current supply issues in tandem with its sustainability objectives.

This submission lays out FREE NOW's recommendations for the Climate Action Plan 2023 as it pertains to the transport sector.

¹ <https://www.gov.ie/en/consultation/4b542-call-for-expert-evidence-climate-action-plan/>

FREE NOW's commitment to the electric vehicle (EV) transition

As part of FREE NOW's sustainability strategy to make electrification the new normal for our partner drivers, we aim to provide 50% of journeys in fully electric vehicles by 2025 and to be the first mobility platform in Europe to reach Net-Zero emissions by 2030. We also have a dedicated EV task force working directly with drivers to support them making the transition to electric vehicles. This includes the creation of an EV Match Fund which offers matching funds for those who avail of the SEAI home charging grant.

Additionally, in 2021 we announced a €6 million investment to help partner drivers buy home chargers to alleviate pain points around switching to electric vehicles. While home charging helps, there is a need to ensure a large and dependable spread of chargers around the country to support and encourage drivers to make the switch to EV.

Supporting electrification of the taxi fleet

The electrification of the taxi fleet is aligned with the Government's goals for decarbonising the transport sector. Taxi drivers are well placed to lead the way to wider switching among private car users. Minister for Transport Eamon Ryan recognised this when he said the taxi industry can "...positively influence the uptake of zero emission passenger cars by improving general perception and awareness of the benefits of electric vehicles"².

Currently, Ireland has one of the oldest taxi fleets in Europe. Ensuring incentives are adequate to overcome the initial barrier to transition to EV will help to modernise the taxi fleet and drive adoption among the most active cohort in Ireland.

FREE NOW commissioned an EY study to look at the opportunities for, and benefits of, increased electric vehicle transition by taxi drivers in Ireland. The study considered a number of potential incentive enhancements that would likely add further positive incentives to convert to electric vehicles:

1. Increasing funding for the existing eSPSV scheme without further modification;
2. Consideration of a per kilometre rebate scheme;
3. Potential tax based incentives:
 - a. Consideration of the availability of VAT Refund on the purchase of the EV for taxi drivers;
 - b. Consideration of the "50% rule" for reduced parking and access fees; and,
 - c. Consideration of the potential for an exemption of motor tax in year 1 of acquisition of an EV.

Increase in Grant Support required:

Drivers may avail of the eSPSV Grant Scheme when purchasing a new electric taxi. In 2021 the scheme was fully subscribed. Based on FREE NOW profiles, the existing eSPSV Grant Scheme will require in excess of €45 million of funding for each of the years 2023-2025

² <https://www.oireachtas.ie/en/debates/question/2022-06-14/301/>

inclusive, to avoid the potential situation of refusing eligible vehicle conversions during this period.

Alternative conversion incentive: VAT Refund:

The government currently provides various tax incentives to promote the use of low emission vehicles, and in particular EVs. However, in order to increase the potential for high uptake rates among drivers, there are a number of tax incentives which should be considered, in particular in relation to the potential for seeking a new "VAT Refund Order". A "VAT Refund Order" would provide the mechanism for drivers to seek a refund of VAT incurred on acquisition of EVs by implementing a separate mechanism by which to seek such a refund.

There are already a number of "VAT Refund Orders" provided for certain goods and services to allow for the flexibility in supporting a particular policy of a social and economic nature. The granting of a relief via a Ministerial Order ensures that the benefit of the relief goes entirely to licensed taxi drivers who have acquired an electric vehicle, hence incentivising further the opportunities available to drivers in making the switch and preventing a dissipation of the relief by way of the retailer increasing their prices.

Alternative conversion incentive: Kilometre Rebate:

Understanding that the eSPSV Grant Scheme appears to offer the right incentive for conversion (based on 2021 over subscription), an alternative approach might be to spread the grant amounts out over a five year period, to be distributed based on the provision of carbon free kilometres of revenue service. This would more appropriately tie the grant provision to the desired outcomes (carbon free kilometres of service) and spread the funding burden over a number of years. However, it may also require an increase in absolute funding to maintain the incentive balance, as necessary financing would erode the benefit currently given in the existing grant scheme.

The opportunity for significant positive impact:

Achieving FREE NOW's ambition has the potential to save up to 63,000t by 2025, representing in excess of 250 million carbon free (and quiet) revenue kilometres per annum. This will dramatically impact air quality and noise pollution in our cities, leading to improved health outcomes. The estimated positive economic impact could be between €2 million and €5 million (NPV) to 2025.

The importance of electric vehicle charging infrastructure for taxis

This Government has detailed its target to increase the fleet of EVs and low emitting vehicles (LEVs) on the road to 945,000 by 2030. To achieve its EV targets, focusing on transport fleets should remain an absolute priority for the Government and FREE NOW welcomes the recognition of the taxi fleet in this strategy. We believe that with the right incentives, the electrification of the taxi fleet will be a key pillar in achieving national EV targets and making progress beyond 2030.

To support taxis and other transport fleets, as well as those without access to home charging, a network of publicly accessible EV charging infrastructure that is cost-effective, appropriately located, accessible and safe will be crucial to support mass modal shift to EVs in Ireland.

The EV Charging Infrastructure Strategy notes that in order to support the transition of the taxi fleet to EV, “a number of” Fast Taxi Charging Hubs will be required to enable drivers to quickly charge and go. We agree with the decision to expand the eSPSV Infrastructure Scheme [Action no. 16] to ensure the adequate provision of dedicated charging infrastructure for taxis. Electric vehicle charging infrastructure at taxi ranks and dedicated charging hubs for taxis are essential to encourage further EV adoption within the taxi fleet.

FREE NOW would also welcome the opportunity to engage and share insights gained from experience working with EV taxi fleets in other European countries. We would also be able to provide insights to help determine the most appropriate locations and capacity required for Fast Taxi Charging Hubs, which the EV Charging Infrastructure Strategy notes would need to take a variety of factors into account and be determined on a city-by-city basis.

Ensuring multi-modality and accessibility

A key element in ensuring a sustainable transition of the transport sector is to ensure the broad spectrum of multi-modality and accessibility needs are taken into consideration. It is positive to see that safety and accessibility are key principles that underpin the new National Sustainable Mobility Policy.

FREE NOW believes that micro-mobility will fill an important role in the urban mobility landscape and have a wider positive impact on society – facilitating a shift to multi-modal and active travel transport options and creating more sustainable transport options. We believe that the actual rollout of micro-mobility shared services must be both environmentally and socially responsible. With the Government’s promise to regulate the use of eScooters on Irish roads with the passage of the Road Traffic and Roads Bill 2021, it is essential that there is alignment between all players in the transport network at the local and national levels to ensure a seamless, safe and user-friendly experience.

To encourage a sustainable mobility shift across the board, it is essential that no one element of the sustainable transport transition is pushed ahead to the detriment of another. Recognition must be given to the importance of accessible solutions by design in the transition to sustainable transport modes. Decarbonised transport infrastructure must be planned with due consideration to a wide range of accessibility needs to ensure it doesn’t inhibit or interfere with other sustainable mobility solutions.

Improving transport services: Data sharing and integrated ticketing

In light of the current supply issues affecting the taxi industry, it is clear that better quality and more up-to-date data on taxi services in Ireland will go a long way to identifying issues more quickly, and hence, addressing those issues more effectively. For example, real-time

anonymised statistics on when and where taxi drivers operate would provide an invaluable illustration of how well taxis are disseminated across regions and where pressure points exist.

There is a clear opportunity for government bodies and departments to collaborate with industry on such a data gathering exercise. Key anonymised data of journeys, supply and demand will allow policymakers and regulators to focus on solutions for particular inadequacies in the market. An automated, public and regular summary of taxi supply in relation to the idiosyncrasies of Irish geography and markets will allow interested actors to respond to highlighted challenges.

The supply of taxi services must be viewed in the round and as one of several sustainable public transport solutions available to commuters in a progressive transport network. Optionality of transport modes and the ability to move seamlessly between modes of transport will naturally help users during times of peak transport demand. More can be done to promote an integrated transport experience through sharing of real-time information; one-stop-shop ticketing solution; and joined-up planning of all commuter options.